

AMENDED IN SENATE JULY 14, 2008

AMENDED IN SENATE JULY 12, 2007

AMENDED IN ASSEMBLY JUNE 1, 2007

AMENDED IN ASSEMBLY APRIL 16, 2007

AMENDED IN ASSEMBLY APRIL 9, 2007

CALIFORNIA LEGISLATURE—2007–08 REGULAR SESSION

## ASSEMBLY BILL

**No. 578**

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**Introduced by Assembly Members Blakeslee and Levine**

February 21, 2007

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An act to amend Section 25783 of the Public Resources Code, to amend Sections 379.6, 2827.9, and 2851 of, and to add Section 321.7 to, the Public Utilities Code, relating to energy.

### LEGISLATIVE COUNSEL'S DIGEST

AB 578, as amended, Blakeslee. Energy: distributed energy generation: study.

(1) Existing law requires the ~~Energy Commission~~ *State Energy Resources Conservation and Development Commission (Energy Commission)*, in consultation with the ~~commission~~ *Public Utilities Commission*, to evaluate the costs and benefits of having an increased number of operational solar energy systems as part of the electrical system.

This bill would delete this requirement.

(2) Under the existing Public Utilities Act, the Public Utilities Commission is required to report to the Legislature by July 15, 2009,

and triennially thereafter, on the energy efficiency and conservation programs overseen by the commission, as specified.

This bill would require the commission, on or before January 1, ~~2009~~ 2010, and biennially thereafter, in consultation with the Independent System Operator and the ~~State Energy Resources Conservation and Development Commission (Energy Commission)~~ *Energy Commission*, to study, and submit a report to the Legislature and the Governor, on the impacts of distributed energy generation on the state's distribution and transmission grid. The bill would require the commission to specifically assess the impacts of the California Solar Initiative program, the self-generation incentive program, and the biogas customer-generator net energy metering pilot program.

(3) Existing law requires the Energy Commission, on or before November 1, 2008, in consultation with the commission and the State Air Resources Board, to evaluate specified costs and benefits of providing ratepayer subsidies for renewable and fossil fuel "ultraclean and low-emission distributed generation," as defined.

This bill would delete from this requirement the evaluation of transmission and distribution system improvements.

(4) Existing law requires the commission, in collaboration with the state board, to report certain information relative to the biogas customer-generator net energy metering pilot program to the Legislature on or before December 31, 2008.

This bill would delete from the reporting requirement information relating to the impact of the pilot program on the reliability of the transmission and distribution grid.

(5) Existing law requires the commission, on or before June 30, 2009, and by June 30th of every year thereafter, to submit to the Legislature an assessment of the success of the California Solar Initiative program.

This bill would remove the requirement that the commission include in its assessment how the program affects the operation and reliability of the electrical grid and the peak demand for electricity.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 25783 of the Public Resources Code is
- 2 amended to read:
- 3 25783. The commission shall do all the following:

1 (a) Publish educational materials designed to demonstrate how  
2 builders may incorporate solar energy systems during construction  
3 as well as energy efficiency measures that best complement solar  
4 energy systems.

5 (b) Develop and publish the estimated annual electrical  
6 generation and savings for solar energy systems. The estimates  
7 shall vary by climate zone, type of system, size, life cycle costs,  
8 electricity prices, and other factors the commission determines to  
9 be relevant to a consumer when making a purchasing decision.

10 (c) Provide assistance to builders and contractors. The assistance  
11 may include technical workshops, training, educational materials,  
12 and related research.

13 (d) The commission shall annually conduct random audits of  
14 solar energy systems to evaluate their operational performance.

15 SEC. 2. Section 321.7 is added to the Public Utilities Code, to  
16 read:

17 321.7. (a) ~~Notwithstanding Section 7550.5 of the Government~~  
18 ~~Code, on or before January 1, 2009~~ *On or before January 1, 2010*,  
19 and biennially thereafter, the commission, in consultation with the  
20 Independent System Operator and the State Energy Resources  
21 Conservation and Development Commission shall study, and  
22 submit a report to the Legislature and the Governor, on the impacts  
23 of distributed energy generation on the state's distribution and  
24 transmission grid. The study shall evaluate all of the following:

25 (1) Reliability and transmission issues related to connecting  
26 distributed energy generation to the local distribution networks  
27 and regional grid.

28 (2) Issues related to grid reliability and operation, including  
29 interconnection, and the position of federal and state regulators  
30 toward distributed energy accessibility.

31 (3) The effect on overall grid operation of various distributed  
32 energy generation sources.

33 (4) Barriers affecting the connection of distributed energy to  
34 the state's grid.

35 (5) Emerging technologies related to distributed energy  
36 generation interconnection.

37 (6) Interconnection issues that may arise for the Independent  
38 System Operator and local distribution companies.

39 (7) The effect on peak demand for electricity.

(b) In addition, the commission shall specifically assess the impacts of the California Solar Initiative program, specified in Section 2851 and Section 25783 of the Public Resources Code, the self-generation incentive program authorized by Section 379.6, and the net energy metering pilot program authorized by Section 2827.9.

SEC. 3. Section 379.6 of the Public Utilities Code is amended to read:

379.6. (a) (1) The commission, in consultation with the State Energy Resources Conservation and Development Commission, shall administer, until January 1, 2012, the self-generation incentive program for distributed generation resources originally established pursuant to Chapter 329 of the Statutes of 2000.

(2) Except as provided in paragraph (3), the extension of the program pursuant to Chapter 894 of the Statutes of 2003, as amended by Chapter 675 of the Statutes of 2004 and Chapter 22 of the Statutes of 2005, shall apply to all eligible technologies, as determined by the commission, until January 1, 2008.

(3) The commission shall administer solar technologies separately, after January 1, 2007, pursuant to the California Solar Initiative adopted by the commission in Decision 06-01-024.

(b) Commencing January 1, 2008, until January 1, 2012, eligibility for the program pursuant to paragraphs (1) and (2) of subdivision (a) shall be limited to fuel cells and wind distributed generation technologies that meet or exceed the emissions standards required under the distributed generation certification program requirements of Article 3 (commencing with Section 94200) of Subchapter 8 of Chapter 1 of Division 3 of Title 17 of the California Code of Regulations.

(c) Eligibility for the self-generation incentive program's level 3 incentive category shall be subject to the following conditions:

(1) Commencing January 1, 2007, all combustion-operated distributed generation projects using fossil fuel shall meet an oxides of nitrogen (NO<sub>x</sub>) emissions rate standard of 0.07 pounds per megawatthour and a minimum efficiency of 60 percent. A minimum efficiency of 60 percent shall be measured as useful energy output divided by fuel input. The efficiency determination shall be based on 100-percent load.

(2) Combined heat and power units that meet the 60-percent efficiency standard may take a credit to meet the applicable NO<sub>x</sub>

1 emissions standard of 0.07 pounds per megawatthour. Credit shall  
2 be at the rate of one megawatthour for each 3.4 million British  
3 thermal units (Btus) of heat recovered.

4 (3) Notwithstanding paragraph (1), a project that does not meet  
5 the applicable NO<sub>x</sub> emissions standard is eligible if it meets both  
6 of the following requirements:

7 (A) The project operates solely on waste gas. The commission  
8 shall require a customer that applies for an incentive pursuant to  
9 this paragraph to provide an affidavit or other form of proof, that  
10 specifies that the project shall be operated solely on waste gas.  
11 Incentives awarded pursuant to this paragraph shall be subject to  
12 refund and shall be refunded by the recipient to the extent the  
13 project does not operate on waste gas. As used in this paragraph,  
14 “waste gas” means natural gas that is generated as a byproduct of  
15 petroleum production operations and is not eligible for delivery  
16 to the utility pipeline system.

17 (B) The air quality management district or air pollution control  
18 district, in issuing a permit to operate the project, determines that  
19 operation of the project will produce an onsite net air emissions  
20 benefit, compared to permitted onsite emissions if the project does  
21 not operate. The commission shall require the customer to secure  
22 the permit prior to receiving incentives.

23 (d) In determining the eligibility for the self-generation incentive  
24 program, minimum system efficiency shall be determined either  
25 by calculating electrical and process heat efficiency as set forth in  
26 Section 218.5, or by calculating overall electrical efficiency.

27 (e) In administering the self-generation incentive program, the  
28 commission may adjust the amount of rebates, include other  
29 ultraclean and low-emission distributed generation technologies,  
30 as defined in Section 353.2, and evaluate other public policy  
31 interests, including, but not limited to, ratepayers, and energy  
32 efficiency and environmental interests.

33 (f) On or before November 1, 2008, the State Energy Resources  
34 Conservation and Development Commission, in consultation with  
35 the commission and the State Air Resources Board, shall evaluate  
36 the costs and benefits, including air pollution and efficiency  
37 improvements of providing ratepayer subsidies for renewable and  
38 fossil fuel “ultraclean and low-emission distributed generation,”  
39 as defined in Section 353.2, as part of the integrated energy policy  
40 report adopted pursuant to Chapter 4 (commencing with Section

1 25300) of Division 15 of the Public Resources Code. The State  
2 Energy Resources Conservation and Development Commission  
3 shall include recommendations for changes in the eligibility of  
4 technologies and fuels under the program, and whether the level  
5 of subsidy should be adjusted, after considering its conclusions on  
6 costs and benefits pursuant to this subdivision.

7 SEC. 4. Section 2827.9 of the Public Utilities Code is amended  
8 to read:

9 2827.9. (a) (1) The Legislature finds and declares that a pilot  
10 program to provide net energy metering for eligible biogas digester  
11 customer-generators would enhance the continued diversification  
12 of California's energy resource mix and would encourage the  
13 installation of livestock air emission controls that the State Air  
14 Resources Board believes may produce multiple environmental  
15 benefits.

16 (2) The Legislature further finds and declares that the net energy  
17 metering pilot program authorized pursuant to this section for  
18 eligible biogas digester customer-generators, which nets out  
19 generation charges against generation charges on a time-of-use  
20 basis, furthers the intent of Chapter 7 of the Statutes of 2001, First  
21 Extraordinary Session, by facilitating the implementation of energy  
22 efficiency programs in order to reduce consumption of energy,  
23 reduce the costs associated with energy demand, and achieve a  
24 reduction in peak electricity demand.

25 (b) As used in this section, the following definitions apply:

26 (1) "Electrical corporation" means an electrical corporation, as  
27 defined in Section 218.

28 (2) (A) "Eligible biogas digester customer-generator" means  
29 a customer of an electrical corporation that meets both of the  
30 following criteria:

31 (i) Uses a biogas digester electrical generating facility with a  
32 capacity of not more than one megawatt that is located on or  
33 adjacent to the customer's owned, leased, or rented premises, is  
34 interconnected and operates in parallel with the electric grid, and  
35 is sized to offset part or all of the eligible biogas digester  
36 customer-generator's own electrical requirements.

37 (ii) Is the recipient of local, state, or federal funds, or who  
38 self-finances pilot projects designed to encourage the development  
39 of eligible biogas digester electrical generating facilities.

1 (B) Notwithstanding subparagraph (A), up to three large biogas  
2 digester electrical generating facilities with a generating capacity  
3 of more than one megawatt and not more than 10 megawatts,  
4 otherwise meeting the criteria of this section, shall be eligible for  
5 participation in the pilot program.

6 (3) "Eligible biogas digester electrical generating facility" means  
7 a generating facility used to produce electricity by either a manure  
8 methane production project or as a byproduct of the anaerobic  
9 digestion of biosolids and animal waste.

10 (4) "Net energy metering" means measuring the difference  
11 between the electricity supplied through the electric grid and the  
12 difference between the electricity generated by an eligible biogas  
13 digester customer-generator and fed back to the electric grid over  
14 a 12-month period as described in subdivision (e). Net energy  
15 metering shall be accomplished using a time-of-use meter capable  
16 of registering the flow of electricity in two directions. If the existing  
17 electrical meter of an eligible biogas digester customer-generator  
18 is not capable of measuring the flow of electricity in two directions,  
19 the eligible biogas digester customer-generator shall be responsible  
20 for all expenses involved in purchasing and installing a meter that  
21 is able to measure electricity flow in two directions. If an additional  
22 meter or meters are installed, the net energy metering calculation  
23 shall yield a result identical to that of a time-of-use meter.

24 (c) Every electrical corporation shall file with the commission  
25 a standard tariff providing for net energy metering for eligible  
26 biogas digester customer-generators, consistent with this section.  
27 Every electrical corporation shall make this tariff available to  
28 eligible biogas digester customer-generators upon request, on a  
29 first-come-first-served basis, until the combined statewide  
30 cumulative rated generating capacity used by the eligible biogas  
31 digester customer-generators in the service territories of the three  
32 largest electrical corporations in the state reaches 50 megawatts.  
33 An eligible biogas digester customer-generator shall be eligible  
34 for the tariff for the life of the eligible biogas digester electrical  
35 generating facility.

36 (d) Each net energy metering contract or tariff shall be identical,  
37 with respect to rate structure, all retail rate components, and any  
38 monthly charges, to the contract or tariff to which the same  
39 customer would be assigned if the customer was not an eligible  
40 biogas digester customer-generator, except as set forth in

1 subdivision (e). Any new or additional demand charge, standby  
2 charge, customer charge, minimum monthly charge,  
3 interconnection charge, or other charge that would increase an  
4 eligible biogas digester customer-generator's costs beyond those  
5 of other customers in the rate class to which the eligible biogas  
6 digester customer-generator would otherwise be assigned are  
7 contrary to the intent of this legislation, and shall not form a part  
8 of net energy metering tariffs.

9 (e) The net energy metering calculation shall be made by  
10 measuring the difference between the electricity supplied to the  
11 eligible customer-generator and the electricity generated by the  
12 eligible customer-generator and fed back to the electric grid over  
13 a 12-month period. The following rules shall apply to the  
14 annualized metering calculation:

15 (1) The eligible biogas digester customer-generator shall, at the  
16 end of each 12-month period following the date of final  
17 interconnection of the eligible biogas digester customer-generator's  
18 system with an electrical corporation, and at each anniversary date  
19 thereafter, be billed for electricity used during that period. The  
20 electrical corporation shall determine if the eligible biogas digester  
21 customer-generator was a net consumer or a net producer of  
22 electricity during that period. For purposes of determining if the  
23 biogas digester customer-generator was a net consumer or a net  
24 producer of electricity during that period, the electrical corporation  
25 shall aggregate the electrical load of a dairy operation under the  
26 same ownership, including, but not limited to, the electrical load  
27 attributable to milking operations, milk refrigeration, and water  
28 pumping located on property adjacent or contiguous to the dairy.  
29 Each aggregated account shall be billed and measured according  
30 to a time-of-use rate schedule.

31 (2) At the end of each 12-month period, where the electricity  
32 supplied during the period by the electrical corporation exceeds  
33 the electricity generated by the eligible biogas digester  
34 customer-generator during that same period, the eligible biogas  
35 digester customer-generator is a net electricity consumer and the  
36 electrical corporation shall be owed compensation for the eligible  
37 biogas digester customer-generator's net kilowatthour consumption  
38 over that same period. The compensation owed for the eligible  
39 biogas digester customer-generator's consumption shall be  
40 calculated as follows:



1 (A) The generation charges for any net monthly consumption  
2 of electricity shall be calculated according to the terms of the tariff  
3 to which the same customer would be assigned to or be eligible  
4 for if the customer was not an eligible biogas digester  
5 customer-generator. When those eligible biogas digester  
6 customer-generators are net generators during any discrete  
7 time-of-use period, the net kilowatthours produced shall be valued  
8 at the same price per kilowatthour as the electrical corporation  
9 would charge for retail kilowatthour sales for generation, exclusive  
10 of any surcharges, during that same time-of-use period. If the  
11 eligible biogas digester customer-generator's time-of-use electrical  
12 meter is unable to measure the flow of electricity in two directions,  
13 paragraph (4) of subdivision (b) shall apply. All other charges,  
14 other than generation charges, shall be calculated in accordance  
15 with the eligible biogas digester customer-generator's applicable  
16 tariff and based on the total kilowatthours delivered by the  
17 electrical corporation to the eligible biogas digester  
18 customer-generator. To the extent that charges for transmission  
19 and distribution services are recovered through demand charges  
20 in any particular month, no standby reservation charges shall apply  
21 in that monthly billing cycle.

22 (B) The net balance of moneys owed shall be paid in accordance  
23 with the electrical corporation's normal billing cycle.

24 (3) At the end of each 12-month period, where the electricity  
25 generated by the eligible biogas digester customer-generator during  
26 the 12-month period exceeds the electricity supplied by the  
27 electrical corporation during that same period, the eligible biogas  
28 digester customer-generator is a net electricity producer and the  
29 electrical corporation shall retain any excess kilowatthours  
30 generated during the prior 12-month period. The eligible biogas  
31 digester customer-generator shall not be owed any compensation  
32 for those excess kilowatthours.

33 (4) If an eligible biogas digester customer-generator terminates  
34 service with the electrical corporation, the electrical corporation  
35 shall reconcile the eligible biogas digester customer-generator's  
36 consumption and production of electricity during any 12-month  
37 period.

38 (f) No biogas digester electrical generating facility shall be  
39 eligible for participation in the tariff established pursuant to this  
40 section, that has not commenced operation by December 31, 2009.

1 A biogas digester customer-generator shall be eligible for the tariff  
2 established pursuant to this section, only for the operating life of  
3 the eligible biogas digester electrical generating facility.

4 (g) No biogas digester electrical generating facility that is subject  
5 to the best available control technology (BACT) requirements shall  
6 be eligible for participation in the tariff pursuant to this section  
7 unless the biogas digester electrical generating facility has installed  
8 the best available control technology as required by the regional  
9 air pollution control district at the time of installation to ensure  
10 the maximum feasible reductions in toxic and criteria pollutants.

11 (h) On or before December 31, 2008, the commission, in  
12 collaboration with the State Air Resources Board, shall report to  
13 the Legislature all of the following information:

14 (1) The impact of the pilot program on emissions of air  
15 pollutants.

16 (2) The impact of the pilot program on ratepayers.

17 SEC. 5. Section 2851 of the Public Utilities Code is amended  
18 to read:

19 2851. (a) In implementing the California Solar Initiative, the  
20 commission shall do all of the following:

21 (1) The commission shall authorize the award of monetary  
22 incentives for up to the first megawatt of alternating current  
23 generated by solar energy systems that meet the eligibility criteria  
24 established by the State Energy Resources Conservation and  
25 Development Commission pursuant to Chapter 8.8 (commencing  
26 with Section 25780) of Division 15 of the Public Resources Code.  
27 The commission shall determine the eligibility of a solar energy  
28 system, as defined in Section 25781 of the Public Resources Code,  
29 to receive monetary incentives until the time the State Energy  
30 Resources Conservation and Development Commission establishes  
31 eligibility criteria pursuant to Section 25782. Monetary incentives  
32 shall not be awarded for solar energy systems that do not meet the  
33 eligibility criteria. The incentive level authorized by the  
34 commission shall decline each year following implementation of  
35 the California Solar Initiative, at a rate of no less than an average  
36 of 7 percent per year, and shall be zero as of December 31, 2016.  
37 The commission shall adopt and publish a schedule of declining  
38 incentive levels no less than 30 days in advance of the first decline  
39 in incentive levels. The commission may develop incentives based  
40 upon the output of electricity from the system, provided those

1 incentives are consistent with the declining incentive levels of this  
2 paragraph and the incentives apply to only the first megawatt of  
3 electricity generated by the system.

4 (2) The commission shall adopt a performance-based incentive  
5 program so that by January 1, 2008, 100 percent of incentives for  
6 solar energy systems of 100 kilowatts or greater and at least 50  
7 percent of incentives for solar energy systems of 30 kilowatts or  
8 greater are earned based on the actual electrical output of the solar  
9 energy systems. The commission shall encourage, and may require,  
10 performance-based incentives for solar energy systems of less than  
11 30 kilowatts. Performance-based incentives shall decline at a rate  
12 of no less than an average of 7 percent per year. In developing the  
13 performance-based incentives, the commission may:

14 (A) Apply performance-based incentives only to customer  
15 classes designated by the commission.

16 (B) Design the performance-based incentives so that customers  
17 may receive a higher level of incentives than under incentives  
18 based on installed electrical capacity.

19 (C) Develop financing options that help offset the installation  
20 costs of the solar energy system, provided that this financing is  
21 ultimately repaid in full by the consumer or through the application  
22 of the performance-based rebates.

23 (3) By January 1, 2008, the commission, in consultation with  
24 the State Energy Resources Conservation and Development  
25 Commission, shall require reasonable and cost-effective energy  
26 efficiency improvements in existing buildings as a condition of  
27 providing incentives for eligible solar energy systems, with  
28 appropriate exemptions or limitations to accommodate the limited  
29 financial resources of low-income residential housing.

30 (4) (A) Notwithstanding subdivision (g) of Section 2827, the  
31 commission shall require time-variant pricing for all ratepayers  
32 with a solar energy system. The commission shall develop a  
33 time-variant tariff that creates the maximum incentive for  
34 ratepayers to install solar energy systems so that the system's peak  
35 electricity production coincides with California's peak electricity  
36 demands and that ~~assures~~ *ensures* that ratepayers receive due value  
37 for their contribution to the purchase of solar energy systems and  
38 customers with solar energy systems continue to have an incentive  
39 to use electricity efficiently. In developing the time-variant tariff,  
40 the commission may exclude customers participating in the tariff

1 from the rate cap for residential customers for existing baseline  
2 quantities or usage by those customers of up to 130 percent of  
3 existing baseline quantities, as required by Section 80110 of the  
4 Water Code. Nothing in this paragraph authorizes the commission  
5 to require time-variant pricing for ratepayers without a solar energy  
6 system.

7 (B) The commission may delay implementation of time-variant  
8 pricing pursuant to subparagraph (A), until the effective date of  
9 the rates subject to the next general rate case of the state's three  
10 largest electrical corporations, scheduled to be completed after  
11 January 1, 2009.

12 (C) If the commission delays implementation of time-variant  
13 pricing pursuant to subparagraph (B), ratepayers required to take  
14 service under time-variant pricing between January 1, 2007, and  
15 January 1, 2008, shall be given the option to take service under  
16 flat-rate or time-variant pricing and shall be credited any difference  
17 between the time-variant rate and the otherwise applicable flat  
18 rate, provided there is a flat-rate pricing schedule for which the  
19 ratepayer would qualify if the ratepayer had not installed the solar  
20 energy system.

21 (b) Notwithstanding subdivision (a), in implementing the  
22 California Solar Initiative, the commission may authorize the award  
23 of monetary incentives for solar thermal and solar water heating  
24 devices, in a total amount up to one hundred million eight hundred  
25 thousand dollars (\$100,800,000).

26 (c) (1) In implementing the California Solar Initiative, the  
27 commission shall not allocate more than fifty million dollars  
28 (\$50,000,000) to research, development, and demonstration that  
29 explores solar technologies and other distributed generation  
30 technologies that employ or could employ solar energy for  
31 generation or storage of electricity or to offset natural gas usage.  
32 Any program that allocates additional moneys to research,  
33 development, and demonstration shall be developed in  
34 collaboration with the Energy Commission to ensure there is no  
35 duplication of efforts, and adopted by the commission through a  
36 rulemaking or other appropriate public proceeding. Any grant  
37 awarded by the commission for research, development, and  
38 demonstration shall be approved by the full commission at a public  
39 meeting. This subdivision does not prohibit the commission from  
40 continuing to allocate moneys to research, development, and

1 demonstration pursuant to the self-generation incentive program  
2 for distributed generation resources originally established pursuant  
3 to Chapter 329 of the Statutes of 2000, as modified pursuant to  
4 Section 379.6.

5 (2) The Legislature finds and declares that a program that  
6 provides a stable source of monetary incentives for eligible solar  
7 energy systems will encourage private investment sufficient to  
8 make solar technologies cost effective.

9 (3) On or before June 30, 2009, and by June 30th of every year  
10 thereafter, the commission shall submit to the Legislature an  
11 assessment of the success of the California Solar Initiative program.  
12 That assessment shall include the number of residential and  
13 commercial sites that have installed solar thermal devices for which  
14 an award was made pursuant to subdivision (b) and the dollar value  
15 of the award, the number of residential and commercial sites that  
16 have installed solar energy systems, the electrical generating  
17 capacity of the installed solar energy systems, the cost of the  
18 program, total electrical system benefits, including the effect on  
19 electrical service rates, environmental benefits, the progress made  
20 toward reaching the goals of the program, whether the program is  
21 on schedule to meet the program goals, and recommendations for  
22 improving the program to meet its goals. If the commission  
23 allocates additional moneys to research, development, and  
24 demonstration that explores solar technologies and other distributed  
25 generation technologies pursuant to paragraph (1), the commission  
26 shall include in the assessment submitted to the Legislature, a  
27 description of the program, a summary of each award made or  
28 project funded pursuant to the program, including the intended  
29 purposes to be achieved by the particular award or project, and the  
30 results of each award or project.

31 (d) (1) The commission shall not impose any charge upon the  
32 consumption of natural gas, or upon natural gas ratepayers, to fund  
33 the California Solar Initiative.

34 (2) Notwithstanding any other provision of law, any charge  
35 imposed to fund the program adopted and implemented pursuant  
36 to this section shall be imposed upon all customers not participating  
37 in the California Alternate Rates for Energy (CARE) or family  
38 electric rate assistance (FERA) programs as provided in paragraph  
39 (2), including those residential customers subject to the rate cap  
40 required by Section 80110 of the Water Code for existing baseline

1 quantities or usage up to 130 percent of existing baseline quantities  
2 of electricity.

3 (3) The costs of the program adopted and implemented pursuant  
4 to this section may not be recovered from customers participating  
5 in the ~~California Alternate Rates for Energy~~ or CARE program  
6 established pursuant to Section 739.1, except to the extent that  
7 program costs are recovered out of the nonbypassable system  
8 benefits charge authorized pursuant to Section 399.8.

9 (e) In implementing the California Solar Initiative, the  
10 commission shall ensure that the total cost over the duration of the  
11 program does not exceed three billion three hundred fifty million  
12 eight hundred thousand dollars (\$3,350,800,000). The financial  
13 components of the California Solar Initiative shall consist of the  
14 following:

15 (1) Programs under the supervision of the commission funded  
16 by charges collected from customers of San Diego Gas and Electric  
17 Company, Southern California Edison Company, and Pacific Gas  
18 and Electric Company. The total cost over the duration of these  
19 programs shall not exceed two billion one hundred sixty-six million  
20 eight hundred thousand dollars (\$2,166,800,000) and includes  
21 moneys collected directly into a tracking account for support of  
22 the California Solar Initiative and moneys collected into other  
23 accounts that are used to further the goals of the California Solar  
24 Initiative.

25 (2) Programs adopted, implemented, and financed in the amount  
26 of seven hundred eighty-four million dollars (\$784,000,000), by  
27 charges collected by local publicly owned electric utilities pursuant  
28 to Section 387.5. Nothing in this subdivision shall give the  
29 commission power and jurisdiction with respect to a local publicly  
30 owned electric utility or its customers.

31 (3) Programs for the installation of solar energy systems on new  
32 construction, administered by the State Energy Resources  
33 Conservation and Development Commission pursuant to Chapter  
34 8.6 (commencing with Section 25740) of Division 15 of the Public  
35 Resources Code, and funded by nonbypassable charges in the  
36 amount of four hundred million dollars (\$400,000,000), collected  
37 from customers of San Diego Gas and Electric Company, Southern

- 1 California Edison Company, and Pacific Gas and Electric Company
- 2 pursuant to Article 15 (commencing with Section 399).

O